

Commercial Life Insurance

War Exclusion Clauses

Frequently Asked Questions

The answers to FAQ are designed to provide the reader with a general understanding of war exclusion clauses in life insurance policies. This information is provided by the National Guard Bureau judge advocate (office). The guidance is not intended to address specific policy coverage questions relating to a war exclusion clause in individual life insurance policies. The answers to such questions depend on the exact wording of a policy and the applicable state's contract and insurance law. For a specific question about war exclusion clauses in life insurance policies, please consult individual insurance agents and/or unit legal offices.

What is a “war clause” or “military service exclusion” in a life insurance policy?

A “war clause” is a provision in a life insurance policy that excludes coverage for death or injury caused by acts of war. It relieves the insurance company of the full liability for the face value of the policy if the loss is caused by war. Some policies contain an absolute war exclusion applying to any insured, while others apply only to members of the armed forces serving in a war zone. A “military service exclusion” in a life and/or health insurance policy excludes payment of benefits for death or injuries caused by military service during time of war.

Here is an *example* of a “war clause” in an insurance policy:

1. We [the insurance company] will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. . .
 - f. War and Military Action
 - (1) War, including undeclared or civil war;
 - (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
 - (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

What happens when a “war clause” or “exclusion” applies in the event of my death?

As a general rule, if your commercial life insurance policy (does not apply to SGLI insurance) has a “war clause” or “exclusion clause,” the life insurance company would not be required to pay the full face value of the policy to your beneficiary; instead, the life insurance company would only be required to pay to your beneficiary the total amount of insurance premiums you paid on the policy, plus interest accrued to the date of your death.

Do “war clauses” only apply when war is declared by Congress, or do they apply in military operations other than war (MOOTW) or terrorist acts?

Each policy is written differently, and an individual policy may broaden the definitions of what “war” is (for the purposes of the life insurance contract), or may refer specifically to, and define, “hostile” and/or “terrorist: acts. That is why it is important for you to carefully review your life insurance policy and ask questions of your life insurance agent.

Why do insurance companies put “war clauses” in their life insurance policies?

An insurance company chooses the level of risk it plans to assume in its policies in advance. Insurance premiums are based upon past experience statistics, which include all of the factors that allow actuarial tables to be produced. The factors used in computing the premiums identify the risks that the company plans to assume upon issuance of the policy.

Policy considerations play into the insurer’s decision to exclude certain risks. First, the massive liability, both in terms of actual casualties and damage to property, is tremendous in time of war and is excluded from most policies because the risk cannot be accurately determined in order to charge an appropriate premium. Additionally, the exclusions are added to insurance contracts to protect the companies from financial disaster in the event of a catastrophic loss.

Wartime exclusions typically have not been written into policies since the Vietnam War. But insurers suffered huge losses after Sept. 11. Some insurance companies may have added wartime exclusions — as well as terrorism clauses — to new policies. That’s why it’s important to spend some time reading your life insurance policy.

How can I find out whether my Life Insurance policy has a “war clause,” “terrorism clause” or “military service exclusion clause”?

Most people hate the thought of reading a life insurance policy (or any insurance policy, for that matter). Most policies are filled with fine print, legalese, and technical insurance jargon. However, if you can find the time and muster the patience, it’s probably a good idea to sit down and read through your policy. If you do, you’ll understand your policy better and gain an understanding of your rights and obligations under the contract.

Do all life insurance policies have “war clauses,” “terrorism clauses” or “military service exclusion clauses”?

Not all. For example, your SGLI policy does not have such clauses in it. That is why it is important to your dependents that you maintain and participate in SGLI coverage. In addition, some commercial life insurance companies – as a matter of company policy, customer service and public support – do not put such clauses in their policies. Take the time to ask questions of your insurance provider and local insurance agent before you purchase life insurance, or decide whether to change policies.

Sometimes, certain life insurance companies have chosen not to invoke the “war clauses” in their policies. For example, after September 11th many life insurance companies voluntarily chose not to invoke the “war clauses” of their life insurance policies as a matter of public policy, goodwill and to support the families of those lost in the tragedies of that day. This was an exception to the normal practice in the insurance industry, and is not the general practice.